

Carol E. Dinkins cdinkins@velaw.com
Tel +1.713.758.2528 Fax +1.713.615.5311

August 6, 2012

By Email

William H. Hyatt, Jr., Esq.
Coordinating Counsel, Lower Passaic River
Cooperating Parties Group
K&L Gates
One Newark Center, Tenth Floor
1085 Raymond Blvd.
Newark, NJ 07102

Dear Bill:

Thank you for your letter of even date. Please find enclosed a proposed agreement to memorialize the actions set forth in Occidental's good faith offer. Please note that this draft agreement is a work in progress that is still undergoing review by my clients. We are providing it for discussion purposes, and reserve the right to make changes in the future. Given the need for Tierra, on behalf of Occidental, to move forward in the very near future to implement Occidental's good faith offer, we were disappointed that you and the Settling Parties are unable to meet tomorrow for us to answer any questions the Settling Parties may have regarding the offer, and to work toward achieving an executed agreement by August 27.

Nonetheless, we hope that you share our desire to begin a meaningful dialogue to resolve this matter quickly, and we remain willing to meet with you, at a location and time of your convenience, before August 14, which we assume is the date for the CPG's next regularly-scheduled meeting.

Our request for prompt review of this proposed agreement is necessitated by the tight timing of completing the requisite arrangements with third parties. Pursuant to the terms of the Ground Lease (the "Lease") between Tierra and Morris, Tierra is obligated to decontaminate and remove all of the UPF equipment from the Lease property. Tierra also must restore the Lease property to certain pre-lease conditions and vacate the property. All of these activities must be completed by the end of the Lease term, which was originally to have been July 31. Tierra was working diligently to complete these activities and had expected to do so by the July 31 Lease termination date. In order to accommodate Occidental's good faith offer, Tierra extended the Lease term to October 31 and suspended all UPF demobilization and restoration work. This three-month extension of the Lease and work suspension has caused Tierra, on behalf of Occidental, considerable expense.

As Occidental explained in its good faith offer, the availability of the Tierra UPF has many advantages for the Settling Parties. Time is, however, of the essence. In order to make the Lease property and UPF available for the Settling Parties' use in performing the RM 10.9 Removal Action, Tierra, on behalf of Occidental, has begun discussions with Morris to extend the Lease term for 12 additional months (November 1, 2012 through October 31, 2013). Tierra has also begun discussion with the appropriate UPF contractors and vendors to maintain the primary UPF equipment at the Lease property until late 2012. Tierra has proceeded in good faith in these matters, yet has done so in the face of considerable risk and expense.

If the Settling Parties do not accept Occidental's good faith offer in the near term, Tierra will be left with little choice but to halt any further efforts to extend the Lease and UPF and will instead resume UPF demobilization and Lease restoration activities. We estimate that it will be necessary to resume the demobilization and restoration activities by August 31 in order to meet the October 31 Lease termination date. Accordingly, we would very much appreciate the Settling Parties' acceptance of Occidental's good faith offer and willingness to conclude an agreement regarding same by August 31.

In light of the foregoing, we appreciate the Settling Parties prompt consideration. I hope to meet with you in the very near future.

Very truly yours,



Carol E. Dinkins

Cc: Stephanie Vaughn, EPA
Sarah Flanagan, EPA

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